

OIL AND GAS LEASE

Agreement : Made and entered into the 6TH day of JUNE 19 96 by and between TIM A. SHEARER AND BETH A. SHEARER, HUSBAND AND WIFE

of 10670 MAPLETON ST., EAST CANTON, OHIO 44730 hereinafter called lessor (whether one or more), and FOLTZ AND FOLTZ LIMITED PARTNERSHIP of 4700 RAVENNA AVENUE S.E., EAST CANTON, OHIO 44730 hereinafter called lessee:

1. Witnesseth: That lessor, for and in consideration of _____ Dollar _____ cash in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained on the part of lessee to be paid, kept and performed, has granted, demised, leased and let, and by these presents does grant, demise, lease and let unto lessee, exclusively, for the purposes of prospecting and exploring by geophysical and other methods, drilling, mining, operating for and producing oil and gas, and of laying pipelines, building and maintaining roadways and of building tanks, power stations and structures thereon to produce, treat, save, care for and remove said production, all that certain tract of land situated in the Township of OSNABURG, County of STARK

State of OHIO, described as follows, to wit:

BOUNDED ON THE NORTH BY LANDS OF: H. ECKARD
BOUNDED ON THE EAST BY LANDS OF: S & S MCGRATH; P. STARKEY
BOUNDED ON THE WEST BY LANDS OF: E & E MATZ
BOUNDED ON THE SOUTH BY LANDS OF: S. STARKEY; DIVIDED PARTIALLY NORTH AND SOUTH BY NUMEROUS SMALL LOTS #A - Y, AS LISTED ON SECTION 24 ; OSNABURG TOWNSHIP; TAX MAP. ALSO, DIVIDED BY WHEELING & LAKE ERIE RAILWAY COMPANY.

of Section 24 Township OSNABURG Range _____ and containing 69.1 acres, more or less, and including all lands and interests therein, contiguous or appurtenant to said described land and owned or claimed by lessor, whether or not specifically described above.

2. It is agreed that this lease shall remain in force for a primary term of Ten (10) years from this date and if lessee shall commence to drill within said primary term or any extension thereof, lessee shall have the right to continue drilling completion with reasonable diligence; said term shall extend as long thereafter as oil and gas, or either of them is or can be produced by lessee from said land or from a communitized unit as hereinafter provided.

3. In consideration of the premises lessee covenants and agrees:

To deliver to the credit of lessor, free of cost, into tank reservoirs or into the pipe line to which lessee may connect wells on said land, the equal one eighth (1/8) part of all oil produced and saved from the leased premises.

To pay lessor one-eighth (1/8) of the gross proceeds at the wellhead, payable quarterly, for the gas from each well where gas is found, while the same is being used off the premises, and if used in the manufacture of gasoline a royalty of one-eighth (1/8), payable monthly at the prevailing market rate for gas at the wellhead. Where such gas is not sold or used for a period of one year, and there is no producing gas or oil well on said land or on a communitized unit, as hereinafter provided, including said land, lessee may pay or tender as royalty the sum of One Dollar (\$1.00) multiplied by the number of acres subject to this lease at the end of each such one year period, payable annually at the end of each such year during which gas is not sold or used, and while such royalty is so paid or tendered this lease shall be held as a producing property under the above paragraph setting forth the primary term hereof.

To pay lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product a royalty of one-eighth (1/8) of the proceeds, payable monthly at the prevailing market rate at the wellhead.

Lessor agrees to pay one-eighth (1/8) of any and all taxes levied or assessed upon the production of oil or gas from said land, and lessee is hereby authorized to pay such taxes and assessments on behalf of lessor and to deduct the amount so paid from any monies payable to lessor hereunder.

4. If no well be commenced on said land on or before the 6TH day of JUNE, 2006, this lease shall terminate as to both parties.

~~5. If during the primary term of this lease and prior to the discovery of oil or gas, lessee shall drill a dry hole or holes on this land or land communitized therewith, or, if during the primary term of this lease production on this land or on land communitized therewith shall cease from any cause, this lease shall not terminate provided, within 12 months from the expiration of the last rental period for which rental has been paid or before the next ensuing rental paying date, whichever occurs later in time, operations for the drilling of a well shall be commenced or lessee tenders the payment of rentals in the manner and amount hereinbefore provided.~~

5. If during the primary term of this lease and prior to the discovery of oil or gas, lessee shall drill a dry hole or holes on this land or land communitized therewith, or, if during the primary term of this lease production on this land or on land communitized therewith shall cease from any cause, this lease shall not terminate provided, within 12 months from the expiration of the last rental period for which rental has been paid or before the next ensuing rental paying date, whichever occurs later in time, operations for the drilling of a well shall be commenced or lessee tenders the payment of rentals in the manner and amount hereinbefore provided.

6. If lessor owns a less interest in the above described land than the entire undivided fee simple estate therein, then the royalties and rentals therein provided for shall be paid to lessor only in the proportion which lessor's interest bears to the whole and undivided fee.

7. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for lessee's operation thereon except water from the wells of lessor. When requested by lessor, lessee shall bury lessee's pipe line below plow depth. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of lessor. Lessee shall pay for damages caused by lessee's operations to growing crops on said land. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

8. For the purpose of oil and/or gas development and production under this lease, lessor does hereby grant to lessee the right to pool or communitize said premises, or any part thereof, with other land to comprise an oil development unit of not more than approximately eighty (80) acres and/or gas development unit of not more than approximately three hundred twenty (320) acres but lessee shall in no event be required to drill more than one well on said unit. Each unit may be created by lessee's recording in the Register Of Deeds Office within the county or counties in which said unit is situated, an instrument identifying the unit so created. If such oil or gas well shall not be drilled on the premises herein leased it shall nevertheless be deemed to be upon the leased premises within the meaning of all the covenants, expressed or implied, in this lease, and lessor shall participate in the one-eighth (1/8) royalty from such oil and/or gas development unit only in the proportion that the number of acres owned by lessor within the limitations of such development unit bears to the total number of acres included therein. At the option of lessee, a diagonal well spacing pattern may be followed.

9. Notwithstanding anything to the contrary herein contained or implied by law, all present and future rules and regulations of any governmental agency pertaining to well spacing, drilling or production units, use of material and equipment or otherwise shall be binding on the parties hereto with like effect as though incorporated herein at length.

10. If the estate of either party hereto is assigned and the privilege of assigning in whole or in part is expressly allowed the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on lessee until 30 days after lessee has been furnished with a written transfer or assignment or a true copy thereof, and rentals shall be adjusted in accordance with such change of ownership or assignment at the next succeeding rental anniversary after receipt by lessee of evidence satisfactory to lessee of such change of ownership or assignment. It is hereby agreed that in the event this lease shall be assigned as to a part or as to due from him or them such defaults shall not operate to defeat or affect this lease insofar as it covers a part or parts of said lands upon which the said lessee or any assignee thereof shall make due payments of said rentals.

11. LOCATION OF WELLS, PIPELINES AND STORAGE TANKS SHALL BE MUTUALLY AGREED UPON. LESSORS HEREBY SPECIFICALLY RESERVE THE RIGHT TO PURCHASE $\frac{1}{2}$ INTEREST IN SAID WELL OR WELLS OR ON ADJOINING PREMISES OR IN THE IMMEDIATE AREA UPON THE TERMS AND CONDITIONS SET FORTH IN A WRITTEN AGREEMENT OF EVEN DATE HERewith BETWEEN THE PARTIES.

[illegible]

12. If the leased premises are now or shall hereafter be owned in severally or in separate tracts, the premises, nevertheless, shall be developed and operated as one lease and all royalties accruing hereunder shall be treated as an entirety and shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. Provided, however, if the leased premises consist of two or more non-abutting tracts, this paragraph shall apply separately to each non-abutting tract, and further provided that if a portion of the leased premises is hereafter consolidated with other lands for the purpose of operating the consolidated tract as one lease, this paragraph shall be in-operative as to such portion so consolidated. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may be hereafter divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks.

13. Lessor hereby warrants and agrees to defend the title to said lands herein described and agrees that lessee shall have the right at any time to redeem for lessor, by payments, any mortgage, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and the undersigned lessors for themselves and their heirs, successors, and assigns, hereby surrender and release all rights of dower and homestead in the premises herein described, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made as recited herein.

14. Lessee may at any time surrender this lease as to all or any part of the lands covered thereby, by delivering or mailing a release thereof to lessor, if the lease is not recorded, or by placing a release thereof of record in the proper county, if the lease is recorded; and if surrendered only as to a part of said lands, any delay rentals or acreage payments which may thereafter be payable hereunder shall be reduced proportionately.

IN TESTIMONY WHEREOF WE SIGN, This the 25th day of June

Witnesses: Diane S Adams Jim S. Leazer
Gisa Brankel Diane S. Leazer

STATE OF Ohio)
COUNTY OF Shank) SS. ACKNOWLEDGMENT TO THE LEASE
On this 25th day of June, A.D., 19 96, before me, the undersigned, a Notary Public in and for said county, in the State
aforesaid, personally appeared Tim A. Shreager and Beth A. Shreager

to me known as the person 5 described in and who executed the foregoing instrument and acknowledged that he had executed the same as their free act and deed.

as their free act and deed.

Diane S. Adams
Diane S. Adams
Notary Public Stark County

My Commission Expires July 19, 1996, Acting in Stark County, Ohio

STATE OF _____

COUNTY OF _____

On this _____ day of _____, A.D., 19_____, before me, the undersigned, a Notary Public in and for said county, in the State of _____, personally appeared _____,

to me know as the person described in and who executed the forgoing instrument and acknowledged that he had executed the same as _____ free act and deed.

My Commission Expires _____, 19____ Acting in _____ County.

STATE OF _____)
COUNTY OF _____) ss. _____
CORPORATION ACKNOWLEDGMENT

On this _____ day of _____, 19_____, before me, a Notary Public in and for said
County, personally appeared _____ to me personally known, who being by me duly sworn, did say that he is a _____
_____ of _____

the corporation named in and which executed the within instrument, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and said _____ acknowledged said instrument to be the free act and deed of said corporation

Notary Public _____ County.

My Commission Expires _____, 19____ Acting in _____ County.

This form was prepared by Robert Foltz of _____

